

"(b)(1) The head of any Executive agency (other than the Commission) and the Smithsonian Institution may elect to have the Panama Canal Employment System made applicable in whole or in part to personnel of that agency in the Republic of Panama.

"(2) Any Executive agency (other than the Commission) and the Smithsonian Institution, to the extent of any election under paragraph (1), shall conduct its employment and pay practices relating to employees in accordance with the Panama Canal Employment System.

"(3) Notwithstanding any other provision of this Act or the Applicability of the Panama Canal Act Amendments of 1996, this subchapter, as last in effect before the effective date of section 3530 of the Panama Canal Act Amendments of 1996, shall continue to apply to an Executive agency or the Smithsonian Institution to the extent of an election under paragraph (1) by the head of agency or the Institution, respectively.

"(c) The Commission may exclude any employee or position from coverage under any provision of this subchapter other than the interchange rights extended under subsection (a)(4)." **Applicability**

**(b) SAVINGS PROVISIONS.—**The Panama Canal Employment System and all elections, rules, regulations, and orders relating thereto, as last in effect before the amendment made by subsection (a) takes effect, shall continue in effect, according to their terms, until modified, terminated, or superseded under section 1212 of the Panama Canal Act of 1979, as amended by subsection (a).

#### **SEC. 3531. EMPLOYMENT STANDARDS.**

Section 1213 (22 U.S.C. 3653) is amended in the first sentence by striking "The head of each agency" and inserting "The Commission".

#### **SEC. 3532. REPEAL OF OBSOLETE PROVISION REGARDING INTERIM APPLICATION OF CANAL ZONE MERIT SYSTEM.**

Section 1214 (22 U.S.C. 3654) is repealed.

#### **SEC. 3533. REPEAL OF PROVISION RELATING TO RECRUITMENT AND RETENTION REMUNERATION.**

Section 1217(d) (22 U.S.C. 3657(d)) is repealed.

#### **SEC. 3534. BENEFITS BASED ON BASIC PAY.**

Section 1218(2) (22 U.S.C. 3658(2)) is

amended to read as follows:  
"(2) benefits under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, relating to retirement;".

**SEC. 3535. VESTING OF GENERAL ADMINISTRATIVE AUTHORITY OF COMMISSION.**

Section 1223 (22 U.S.C. 3663) is amended to read as follows:

"CENTRAL EXAMINING OFFICE

"SEC. 1223. The Commission shall establish a Central Examining Office. The purpose of the office shall be to implement the provisions of the Panama Canal Treaty of 1977 and related agreements with respect to recruitment, examination, determination of qualification standards, and similar matters relating to employment of the Commission.".